

Eye on Southeast Europe



Transportation Infrastructure Development in Southeastern Europe—Part III

by Arben Zajmi

This article—the third and last on transportation infrastructure in Southeastern Europe—gives a more detailed perspective on Macedonia, Romania, and Serbia and Montenegro. Albania, Bosnia and Herzegovina, Bulgaria, Croatia, and Kosovo were the subjects of part two. Part one was a general view on the infrastructure in the region and major projects.

Macedonia

Macedonia is a small country, with a population of 2.1 million and a gross domestic product (GDP) per capita of \$1,835. Macedonia maintains adequate north-south road and rail links with Serbia and Montenegro and with Greece but has poor connections with Albania to the west and Bulgaria to the east. As of 2000, Macedonia had 12,522 kilometers (km) of roads, of which 7,246 km were all-weather roads, including 144 km of motorway and 541 km of international class roadways. Macedonia is a transit country for Corridor 8 and is expected to benefit from the construction (under EU auspices) of this east-west network of routes across the Balkans from the Adriatic to Turkey and Bulgaria. Rail traffic, which decreased throughout the end of the 1990s through 2001, increased during 2003, illustrating the potential of the railway sector. Additionally,

the Corridor 8 project envisages the construction or upgrading of 307 km of railways in

Macedonia (including 80 km toward Bulgaria and 66 km toward Albania), but only 55 percent had been completed by early 2004. Also, the proposed Pan-European Corridor 10 (and 10d) will traverse Macedonia, linking Greek seaports in the south with Central European road and rail networks in the north. Regarding air traffic, the past few years have produced an increase in air transport of goods, to more than 11,282 tons annually. Macedonia has two international airports: one in Ohrid, the other in Skopje. There are two main airlines: Avioimpex and Macedonian Airlines (MAT). MAT has been the national flag carrier since 2000.

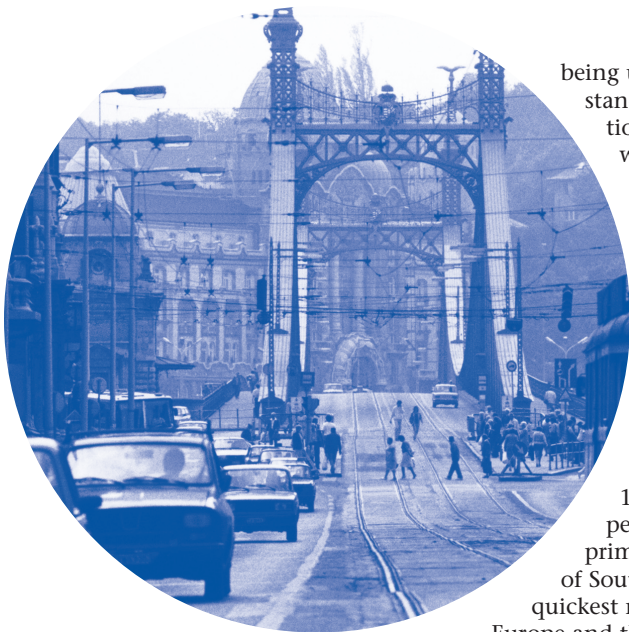
Romania

Romania, with a population of 21.7 million and a GDP per capita of \$2,070, is bordered by Ukraine, Moldova, the Black Sea, Bulgaria, and Serbia and Montenegro. It is crossed by three Pan-European corridors: Corridors 4, 7, and 9. Romania's public roads cover 78,000 km and need constant repair. The estimated cost of the proposed national program to construct and upgrade the road infrastructure is \$3.1 billion from 2004 to 2007. The rail network—the primary means of internal transport for passengers and freight—covers 14,217 km and is the fourth largest railway network in Europe. However, only 35 percent of the system is electrified. Annual cargo traffic volumes are approximately 70 million tons and are mainly coal, oil products, common metals, cement, quarry products, chemicals, and agricultural products.

European Union assistance to Romania is substantial: \$764 million annually from three pre-accession assistance programs. The funding for two of the programs, ISPA and SAPARD, is earmarked for infrastructure spending. Romania also receives sovereign loans from the World Bank, European Investment Bank (EIB), and European Bank for Reconstruction and Development (EBRD) to help upgrade its main road corridors.

Shipping along the Danube, which flows 1,075 km through Romania and provides the country with its principal trade connections to Central Europe, has remained steady over the past few years. The canal from the Black Sea near Constanta to the Danube will eventually offer long-term opportunities for development as the newly independent Caspian states seek outlets for oil and gas exports that bypass the Bosphorus Straits. Romania also has three international and 16 domestic airports. Four new domestic airports are planned, and the one at Cluj-Napoca is





being upgraded to international standards. Bucharest International Airport at Otopeni, which now has an operating capacity of about 3 million passengers and 25,000 tons of cargo per year, is being modernized.

Serbia and Montenegro

Serbia and Montenegro, with a population of 10.7 million and a GDP per capita of \$2,166, has a prime location in the middle of Southeastern Europe as the quickest road link between Western Europe and the Middle East. However,

Serbia and Montenegro has been unable to capitalize on its geography, and large-scale investment is needed for it to become a regional transportation hub. In 2001, Serbia and Montenegro had almost 45,000 km of roads, of which about 62 percent were modern paved roads. The total road density, 43.9 km per square kilometer of land area, is about average for European countries. The main project to improve the road network is the EU-backed Corridor 10 motorway running from Vienna to Istanbul through Serbia. In 2001, Serbia and Montenegro had 4,058 km of railway track, of which just over one-third was electrified. The modernization of some railway lines is planned to be completed by 2010. The waterway network is concentrated in the north of the country. Of its total length (1,599 km), rivers account for 1,000 km. The remaining 599 km is the Danube-Tisza-Danube (DTD) canal system. Under the Stability Pact for Southeastern Europe, most of the funding has now been raised to reconstruct the Sloboda Bridge over the Danube, but progress in clearing the river has been

slow. Serbia and Montenegro has four civilian airports—Belgrade, Tivat, Podgorica, and Nis—all of which are in need of serious upgrades.

Conclusion

The main objective of this series of articles on transportation infrastructure in Southeastern Europe has been to give an overview of the economic sector, major projects, and development perspectives at the regional and state levels. The information provided is helpful for U.S. companies that are considering the infrastructure capacities of those networks or potential business opportunities in exporting or investment. As the articles have shown, the sector has opportunities in the areas of construction equipment, technology, and advisory services—all products and services in which U.S. companies can offer significant experience and expertise. For more information, please refer to the CEEBIC Web site at www.mac.doc.gov/ceebic. For longer versions of the above articles, or for more-detailed research, please consult the following sources of information:

1. Albanian Daily News (www.albaniannews.com/)
2. The Economist Intelligence Unit (www.eiu.com/)
3. European Commission/Economic Reconstruction and Development in South East Europe (www.seerecon.org/infrastructure/sectors/transport/documents/REBIS/)
4. European Bank for Reconstruction and Development (www.ebrd.com)
5. European Investment Bank (www.eib.org)
6. United Nations Mission in Kosovo (www.unmikonline.org/)
7. Trade and Transport Facilitation in Southeast Europe Program (www.ttfse.org/)
8. World Bank (www.worldbank.org/)

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the Commercial Service office in these countries or a local U.S. Export Assistance Center. Contact information for these offices can be found at www.export.gov/cs

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